



Accelerating Payments to Small Businesses

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Agenda

- Federal Government Policy on Accelerating Payments
- Defense Finance and Accounting Service (DFAS): Who we Are and What we Do
- DFAS Payment Process
- What Can Go Wrong in the Payment Process
- Where to Go for Help



Federal Government Policy

► What?

- ✓ As of August 1, 2014 the Department of Defense resumed the practice of accelerating payments to prime contractors

► Why?

- ✓ To further support small businesses and the U.S. economy
- ✓ Provide accelerated payment to small business primes
- ✓ Provide accelerated payments to large primes with the expectation that they will pay their small business sub-contractors quicker

► How?

- ✓ The DFAS method of accelerating payments to prime contractors is waiving cash management
 - ✓ All other requirements still apply (i.e. 3-way match, prevalidation)

Federal Government Policy

▶ **Defense Federal Acquisition Regulation Supplement (DFARS)**

- ✓ On April 27, 2011 interim rule was published in the Federal Register at 76 CFR 23505
- ✓ Removed “disadvantaged” from the language at DFARS 232.903 and DFARS 232.906(a)(ii)
- ✓ Extended accelerated pay policy to all small businesses

▶ **Defense Procurement and Acquisition Policy (DPAP) Class Deviation 2011-O0007**

- ✓ Executed concurrent with the publication of the DFARS interim rule
- ✓ Advises that the implementation would be a phased, system-by-system approach
- ✓ Modifications to DoD Entitlement systems required to accommodate the policy change

▶ **Office of Management and Budget (OMB) Policy Memo, September 14th 2011**

- ✓ Directed all Federal Agencies to take steps in order to accelerate Small Business Payments

Federal Government Policy

- ▶ **Office of Management and Budget (OMB) Policy Memo, July 11, 2012**
 - ✓ Directed all Federal Agencies to begin accelerating payments to all prime contractors
 - ✓ Intended to improve cash flow in order for prime contractors to pay small business sub-contractors promptly

- ▶ **February 2013: DPAP rescinded policy to accelerate payments to all prime contractors**
 - ✓ Accelerating payments to all contractors created cash constraints to some DoD Services/Agencies. Policy requirements to accelerate payments to small business prime contractors still applies

- ▶ **July 2014: OMB extended the Federal Government's temporary practice of accelerating payment through December 2016.**
 - ✓ Includes resuming the practice within the DoD

- ▶ **January 2017: OMB extended the Federal Government's temporary practice of accelerating payment through December 2017.**

DFAS: Who we Are and What we Do

We pay...

DFAS was established in 1991 to prepare DoD for 21st century financial management.



- the men and women who defend America.

- the contractors who support the warfighter.



We provide...



- financial information to DoD decision makers.



DFAS: Who we Are and What we Do

Our #1 Goal ...

Support the men and women who fight for our freedom – the War Fighters

Our Mission...

To lead our customers in finance and accounting by ensuring the delivery of efficient, exceptional quality pay and financial information.

Our Vision...

To be a recognized leader in financial management by consistently delivering first-class service and products.

Our Core Values...

Integrity: *Doing what is right*

Service: *Striving to be a trusted financial partner*

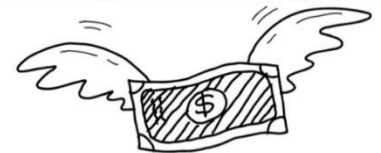
Innovation: *Creating new ways to do business*



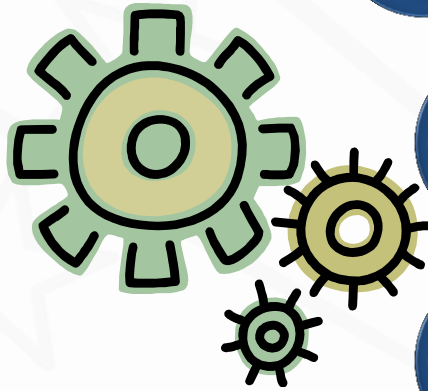
DFAS: Who we Are and What we Do

► In FY 2016, DFAS:

- ✓ Processed 122.4 million pay transactions (6.4 million people/accounts)
- ✓ Made 5.8 million travel payments
- ✓ Paid 11.7 million commercial invoices
- ✓ Maintained 151.8 million General Ledger accounts
- ✓ Managed \$899 billion in Military Retirement and Health Benefits Funds
- ✓ Made \$534.5 billion in disbursements
- ✓ Managed \$479 billion in Foreign Military Sale (reimbursed by foreign governments)
- ✓ Accounted for 1,359 active DoD appropriations



DFAS: Who we Are and What we Do – Vendor Pay



✓ DFAS Pay Office should be determined by accounting station based on preponderance of the funds on the original contract

Contract Payments

- ✓ Contracts are usually less complex
- ✓ Should not have progress or WIP terms

Miscellaneous Payments

- ✓ Should follow the DOD and/or Air Force Miscellaneous Pay Guide

Entitlement Systems

- ✓ CAPS-W, IAPS, GFEBS, DEAMS, OnePay, Navy ERP, SAVES, DAI, EBS

DFAS: Who we Are and What we Do – MOCAS

M ECHANIZATION

O F

C ONTRACT

A DMINISTRATION

S ERVICES

WHAT IS MOCAS?

- Integrated system supporting post-award administration

WHO USES MOCAS?



DCMA



DFAS



Procurement Offices



DCAA



DTRA



WHS



Funding Stations

WHY MOCAS?

- Pays More Complex Contracts
 - ✓ High Dollar
 - ✓ Multi-Year Contracts
 - ✓ Multiple Deliverables
- Makes Financing Payments
 - ✓ Progress Payments
 - ✓ Performance-Based Payments
 - ✓ Commercial Item Financing
 - ✓ Interim Cost Payments

DFAS Payment Process



DoD

- Awards contract to Vendor
- Forwards contract to DFAS



Vendor

- Provides Goods and Services
- Submits receiving report for the goods and services to DoD
- Can also submit the invoice along with the receiving report (Combo and Invoice 2 in 1)



DoD

- Receives goods and services
- Forwards signed receiving report to DFAS



Vendor

- Submits Invoice to DFAS if not already submitted with the receiving report.



DFAS Entitlement

- Using a 3-way match between the Contract, invoice, and Receiving Report, validates, entitles and then prevalidates the invoice
- Sends payment file to Disbursing office



Disbursing office

- Sends Check/EFT to Vendor
- Updates MyInvoice
- Sends disbursement data back to the Accounting systems.

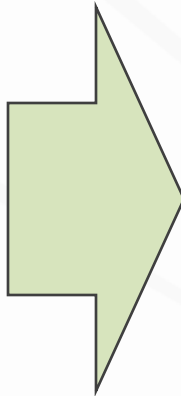
DFAS Payment Process – Prompt Payment Terms

- ▶ **Net 30 Days = Normal Payment Terms**
- ▶ **Net 7 Days**
 - ✓ Meat, Meat Food Products, including Poultry, Fresh Eggs, Seafood or Shellfish
- ▶ **Net 10 Days**
 - ✓ Perishable Agricultural commodities, Fresh Baked Goods, Dairy Products, Fats and Oils
- ▶ **Net 14 Days**
 - ✓ Construction Contracts
- ▶ **Fast Pay 15 Days**
 - ✓ Based on inclusion of the FastPay FAR clause in the contract
- ▶ **Accelerated Pay (All Vendors)**
 - ✓ Paid as soon as possible (15 days)
 - ✓ Per extension memorandum dated 1-11-17



DFAS Payment Process – Proper Invoice

**A proper
invoice must
have the
following:**



✓	Invoice Date
✓	Name and Address of the vendor
✓	Invoice number, Account number, and/or any other identifying number agreed to by contract
✓	Contract Number or other authorization for delivery
✓	Description, Price and Quantity
✓	Shipping, Payment, and Discount Terms
✓	Taxpayer Identifying Number (TIN), unless agency procedures provide otherwise
✓	Contact Name (where practicable) of person to be notified in event of a defective invoice
✓	Banking information, unless agency procedures provide otherwise, or except in situations where the EFT requirement is waived under 31 CFR 208.4
✓	Other substantiating documentation or information required by the contract

DFAS Payment Process – What Can Go Wrong

► Top Reasons for Payment Delays

- ✓ Missing Goods Receipts
 - ✓ This is NOT a DFAS role. You must contact your DLA/Govt Receiving Activity POC or your contracting officer
- ✓ Short Pay (as a result of partial or missing GR)
- ✓ Freight balance due
 - ✓ Did you attach a copy of your freight bill to your WAWF invoice submission?
- ✓ How to bill
 - ✓ Invoicing should MIRROR you contract CLIN/SLIN layout, including QTY/Unit Price/Unit of Measure
- ✓ Maintain your SAM registration.
 - ✓ Annual requirement. If expired/suspended, you will NOT get paid!
<https://www.sam.gov/portal/SAM/#1>

Where to Go for Help

DFAS COLUMBUS
1-800-756-4571

DFAS INDIANAPOLIS
1-888-332-7366

DFAS ROME
1-800-553-0527

DFAS CLEVELAND
1-855-608-3975

Where to Go for Help

► Important Websites/Links

- ✓ DFAS Home Page
 - ✓ One-Stop Shop for ALL your payment questions and links to valuable resources
 - ✓ <http://www.dfas.mil/contractorsvendors.html>
- ✓ iRAPT/WAWF
 - ✓ Invoice, receipt, acceptance, property transfer & Wide Area Workflow (your electronic invoicing tool)
 - ✓ <https://wawf.eb.mil/>
 - ✓ Includes training tutorials, how to, and additional reference material
 - ✓ <http://www.dfas.mil/contractorsvendors/irapt/TrainingLinks.html>
 - ✓ MyInvoice Tutorial (YouTube) (Payment Status Online)
 - ✓ <https://www.youtube.com/watch?v=sbYi85oRH5o>
- ✓ System for Award Management (SAM)
 - ✓ <https://www.sam.gov/portal/SAM/#1>
- ✓ Prompt Payment Act
 - ✓ http://comptroller.defense.gov/Portals/45/documents/fmr/current/10/10_07.pdf
- ✓ United States Treasury – Prompt Payment Calculator
 - ✓ https://www.fiscal.treasury.gov/fsservices/gov/pmt/promptPayment/promptPayment_home.htm

